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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

MAY

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE

SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended March 31, 1992 Commission File No. 0-12957

ENZON, INC.

(Exact name of registrant as specified in its charter)

Delaware	22-2372868
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
40 Cragwood Road, South Plainfield, New Jersey	07080
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (908) 668-1800

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes _X_ No __

The number of shares of common stock, $.01 par value, outstanding as of May 8, 1992 was 20,214,219 shares.

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PART I-FINANCIAL INFORMATION
Item 1-Financial Statements

ENZON, INC. AND SUBSIDIARIES
(A Development Stage Company)
CONSOLIDATED CONDENSED BALANCE SHEETS
June 30,1991 and March 31,1992

ASSETS

	June 30, 1991 *	March 31, 1992 (unaudited)
Current assets:		
Cash and cash equivalents	$23,681,108	$15,642,633
Short-term investments	11,479,079	16,016,316
Accounts receivable	592,545	536,635
Inventories	239,151	1,035,259
Other current assets	471,769	893,562
Total current assets	36,463,652	34,124,407
Property and equipment	6,564,670	10,742,518
Less accumulated depreciation and amortization	1,938,692	2,799,048
	4,625,978	7,943,470
Other assets:		
Investments	11,965,526	125,000
Other assets,net	1,349,974	1,515,286
Patents,net	-	2,078,674
	13,315,500	3,718,960
Total assets	$54,206,130	$45,786,837

LIABILITIES AND STOCKHOLDERS' EQUITY

	June 30, 1991 *	March 31, 1992 (unaudited)
Current liabilities:		
Accounts payable	$1,820,890	$2,750,768
Accrued expenses	1,241,346	2,971,983
Other current liabilities due to Kodak/Sterling	1,312,829	1,312,829
Total current liabilities	4,375,065	7,035,580
Other liabilities	-	195,749
Total liabilities	4,375,065	7,231,329
Stockholders' equity:		
Preferred stock-$.01 par value, authorized 3,000,000 shares; issued and outstanding 297,000 shares at June 30, 1991 and 131,000 at March 31, 1992 (liquidating preference of $25 per share aggregating $3,275,000 at March 31, 1992)	2,970	1,310
Common stock-$.01 par value, authorized 30,000,000 shares; issued and outstanding 18,650,037 shares at June 30, 1991 and 20,213,585 shares at March 31, 1992	186,501	202,137
Common stock and warrants to be issued-Genex Acquisition	-	93,221
Additional paid-in capital	76,800,091	86,395,931
Deficit accumulated during development stage	(27,159,497)	(48,137,091)
Total stockholders' equity	49,830,065	38,555,508
Commitments and contingencies		
Total liabilities and stockholders'equity	$54,206,130	$45,786,837

* Condensed from audited financial statements

The accompanying notes are an integral part of these consolidated condensed financial statements.

ENZON, INC. AND SUBSIDIARIES

(A Development Stage Company)

CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS

Three and Nine Months Ended March 31,1991 and 1992 and for the Period from September 17,1981 (date of inception) to March 31,1992

(Unaudited)

	Three months ended		Nine months ended		September 17, 1981 (date of inception) to March 31, 1992
	March 31, 1991	March 31, 1992	March 31, 1991	March 31, 1992	
Revenues					
Sales	$680,246	$1,283,720	$1,305,855	$3,719,249	$10,988,589
Grants	-	-	12,461	-	637,892
Contract revenue	-	-	150,000	-	460,000
Total Revenues	680,246	1,283,720	1,468,316	3,719,249	12,086,481
Costs and Expenses					
Cost of sales	340,629	254,152	715,737	759,720	4,334,963
Research and development costs	2,408,712	3,318,226	8,931,569	9,360,719	29,761,316
Selling, general and administrative expenses	1,736,233	3,723,164	4,809,345	8,192,000	30,074,548
Purchased research and development-Genex	-	-	-	7,576,178	7,576,178
Total costs and expenses	4,488,574	7,295,542	11,456,651	25,888,627	71,747,036
Operating loss	(3,809,328)	(6,031,822)	(9,988,535)	(22,169,378)	(59,660,555)
Other income (expense)					
Interest and dividend income	307,727	508,452	1,154,188	1,779,331	8,705,726
Net loss on investments	-	-	-	-	(333,568)
Interest expense	(1,472)	(2,651)	(6,119)	(4,859)	(230,118)
Other	-	-	53	-	7,025,746
Net loss	306,255	503,801	1,148,152	1,774,472	13,167,782
	($3,522,073)	($5,528,021)	($8,840,383)	($20,394,906)	($46,492,773)
Net loss per common share	($0.26)	($0.26)	($0.73)	($1.07)	($5.34)
Weighted-average number of common shares outstanding during the period	14,209,417	20,191,158	13,579,745	19,361,819	9,112,872

The accompanying notes are an integral part of these consolidated condensed financial statements

ENZON, INC. AND SUBSIDIARIES
(A Development Stage Company)
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
Nine Months Ended March 31, 1991 and 1992 and for the
Period from September 17,1981 (date of inception) to March 31,1992
(Unaudited)

	Nine months ended March 31, 1991	Nine months ended March 31 1992	September 17, 1981 (date of inception) to March 31, 1992
Cash flows from operating activities			
Net loss	($8,840,383)	($20,394,908)	($46,492,773)
Adjustment for depreciation and amortization	398,445	903,448	2,932,401
Adjustment for purchased research and development-Genex	-	7,576,178	7,576,178
Adjustment for other non-cash charges	-	-	241,322
Compensation expense issuance of stock options	343,750	-	687,500
Changes in assets and liabilities	668,453	(1,142,907)	(960,715)
Net cash used in operating activities	(7,429,735)	(13,058,187)	(36,046,087)
Cash flows from investing activities			
Acquisition of Genex Corp., net of cash acquired	-	(1,007,478)	(1,007,478)
Capital expenditures	(629,084)	(2,762,736)	(9,775,989)
Increase in short-term investments	(138,807)	(4,537,239)	(18,018,318)
(Increase) decrease in investments	(17,200)	11,840,526	(125,000)
Net cash provided by (used in) investing activities	(984,891)	3,533,073	(25,924,785)
Cash flows from financing activities:			
Proceeds from issuance of preferred stock	-	644,230	24,321,370
Proceeds from issuance of common stock	438,308	852,805	52,172,915
Liability recognized pursuant to Kodak Agreement:			
Receipt	-	-	9,000,000
Payments	(637,882)	-	(7,687,171)
Proceeds from surrender of life insurance policy	318,525	-	-
Principal payments of obligations under capital leases	(51,478)	(10,396)	(193,809)
Net cash provided by financing activities	87,475	1,486,639	77,613,505
Net increase (decrease) in cash and cash equivalents	(8,347,151)	(8,038,475)	15,642,633
Cash and cash equivalents at beginning of period	20,466,368	23,681,108	-
Cash and cash equivalents at end of period	$12,119,217	$15,642,633	$15,642,633

The accompanying notes are an integral part of these consolidated condensed financial statements

ENZON, INC. AND SUBSIDIARIES
(A Development Stage Company)
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Unaudited)

(1) Organization and Basis of Presentation

The unaudited consolidated condensed financial statements have been prepared from the books and records of Enzon, Inc. and subsidiaries in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting only of normal and recurring adjustments) considered necessary for a fair presentation have been included. Interim results are not necessarily indicative of the results that may be expected for the year.

(2) Net Loss Per Common Share

Net loss per common share is based on net loss for the relevant period, adjusted for cumulative undeclared preferred stock dividends of $1,103,245 and $358,302, respectively, for the nine months ended March 31, 1991 and 1992, and $269,247 and $68,696, respectively, for the three month periods ended March 31, 1991 and 1992 and $2,168,243 for the period from September 17, 1981 (date of inception) to March 31, 1992, divided by the weighted average number of shares issued and outstanding during the period. Stock options, warrants and common stock issuable upon conversion of the preferred stock are not reflected as their effect would be antidilutive for both primary and fully diluted earnings per share computations. The total number of shares expected to be issued to former Genex stockholders have been included in the weighted average number of outstanding shares, as if all shares had been issued on October 31, 1991, the date of acquisition.

(3) Inventories

The composition of inventories at June 30, 1991 and March 31, 1992 is as follows:

	June 30, 1991	March 31, 1992
Raw materials	$ 177,094	$ 955,042
Finished goods	62,057	80,217
	$ 239,151	$1,035,259

(4) Cash Flow Information

For purposes of cash flows, the Company considers all highly liquid securities with original maturities of three months or less to be cash equivalents. Cash payments for interest were approximately $6,000 and $4,900 for the nine months ended March 31, 1991 and 1992, respectively, and $230,000 for the period from September 17, 1981 (date of inception) to March 31, 1992. There were no income tax payments made for the period from September 17, 1981 (date of inception) to March 31, 1992. During the nine months ended March 31, 1991 and 1992, 707,400 and 188,408 shares of Series A Cumulative Convertible Preferred Stock were converted to 2,357,984 and 598,115 shares of common stock, respectively. Accrued dividends of $1,010,204 and $582,688 on the Series A Cumulative Convertible Preferred Stock that was converted, were paid by issuing 134,678 and 73,988 shares of common stock and paying cash totalling $119 and $28 for fractional shares for the nine months ended March 31, 1991 and 1992, respectively.

(5) Acquisition of Genex Corporation

On October 31, 1991, the Company completed its acquisition of all of the outstanding capital stock of Genex Corporation ("Genex"), a Maryland-based biotechnology company specializing in genetic engineering of proteins, through the merger of the Company's wholly-owned subsidiary, Enzon Acquisition Corp. with and into Genex. In connection with this merger the Company agreed to issue to former shareholders of Genex 701,299 shares of common stock which were valued at $8.875, the market value on the acquisition date, and 582,822 three year warrants to purchase common stock at an exercise price of $18 per share which were recorded at $2.02 based upon the valuation by an investment banker. The number of shares to be issued are subject to adjustment under certain circumstances. Cash will be issued for fractional interests of common stock and warrants. The Company accounted for the transaction using the purchase method of accounting and accordingly the net assets and results of operations of Genex have been included in the consolidated condensed financial statements from the date of acquisition. The total purchase price, including out of pocket expenditures, was approximately $9,109,000. The excess purchase price over the fair value of net assets acquired of $7,576,000 was expensed as purchased research and development expense. As part of the acquisition, the Company acquired patents valued at approximately $2,122,000 which will be amortized over their remaining life of 13 years.

As of March 31, 1992, 692,480 shares and 575,420 warrants had been issued to former shareholders of Genex. The remaining shares and warrants to be issued have been classified as "Common stock and warrants to be issued - Genex Acquisition" in the Unaudited Consolidated Condensed Balance Sheet.

The following pro forma financial information combines the results of operations of Genex and Enzon, Inc. and Subsidiaries for the three and nine months ended March 31, 1991 and 1992, as though Genex had been acquired on July 1, 1990.

	Three Months Ended March 31,		Nine Months Ended March 31,	
	1991	1992	1991	1992
Net revenues	$1,051,000	$1,264,000	$3,067,000	$3,961,000
Net loss	(4,662,000)	(5,528,000)	(11,625,000)	(16,090,000)
Net loss per common share	(0.27)	(0.28)	(0.72)	(0.84)

The pro forma results of operations are not necessarily indicative of the actual results of operations that would have resulted had the purchase occurred on July 1, 1990, or results which may occur in the future. The pro forma net loss per common share gives effect to the issuance of 3,450,000 shares of common stock in April 1991 as if such shares were issued on July 1, 1990.

No adjustments have been made to the pro forma financial information to reflect the non-recurring charge for the purchased research and development - Genex of approximately $7,576,000.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

Nine months ended March 31, 1992 vs. Nine months ended March 31, 1991

The Company's net loss for the nine months ended March 31, 1992 increased by $11,555,000 to $20,395,000 or $1.07 per share as compared to the same period in 1991. Approximately $7,576,000 of the loss is attributable to a non-recurring charge related to the completion of the Company's acquisition of Genex Corporation, ("Genex"), a Maryland-based biotechnology company specializing in genetic engineering of proteins. This charge relates to the write off of purchased research and development costs relating to Genex's in-process research and development, which is not capitalizable under generally accepted accounting principles.

Revenues for the nine months ended March 31, 1992 increased by approximately $2,251,000 or 153% as compared to the same period in 1991. Sales, which are comprised principally of the Company's Food and Drug Administration ("FDA") approved drug ADAGEN™ increased by $2,414,000 or 185% due to increased shipments and higher reimbursement levels from third party insurers. Sales of ADAGEN™ did not begin until the second quarter of 1991. The sales increase was offset in part by a reduction in contract revenue of $150,000. Contract revenues for the nine months ended March 31, 1991 related to a non-refundable payment from Schering Corp. ("Schering"), the Company's collaborative partner.

Net interest and dividend income increased by approximately $625,000 or 54% for the nine months ended March 31, 1992 as compared to the same period in 1991, due to the increase in interest bearing investments made with the proceeds from the Company's April, 1991 stock offering.

Cost of sales for the nine months ended March 31, 1992 decreased, as a percentage of sales by 34%, to 20%, when compared to the same period in 1991, due to lower levels of write offs of excess ADAGEN™ inventory. The FDA's current production requirements for ADAGEN™ continue to result in significant excess inventory. ADAGEN™ write offs for the nine months ended March 31, 1992 were lower than the same period last year due to an increase in shipments to both new and existing patients. Write offs of a similar nature are anticipated in future quarters.

Research and development expenses increased by approximately $3,429,000 or 58% for the nine months ended March 31, 1992 as compared to the same period last year as a result of increased research and development personnel and related research expenditures, clinical trial expenses and depreciation for research equipment purchased in the last year. The increase also was due to $839,000 of continued research and development at the former Genex facility for the five months subsequent to the acquisition of Genex on October 31, 1991. Research and development expense was $5,932,000 and $9,361,000 for the nine months ended March 31, 1991 and 1992, respectively.

Selling, general and administrative expenses increased by approximately $3,383,000 or 70% for the nine months ended March 31, 1992 as compared to the same period last year as a result of increased administrative personnel and related relocation costs, advertising and marketing expenditures related to pre-launch activities for PEG-L-asparaginase and Genex administrative expenses subsequent to the acquisition.

Three months ended March 31, 1992 vs. three months ended March 31, 1991

Sales, which are comprised principally of the Company's FDA approved drug ADAGEN™, increased by $587,000 or 150% due to increased shipments and higher reimbursement levels from third party insurers.

Net interest and dividend income increased by approximately $199,000 or 65% for the three months ended March 31, 1992 as compared to the same period in 1991, due to the increase in interest bearing investments made with the proceeds from the Company's stock offering.

Cost of sales, for the three months ended March 31, 1992, decreased as a percentage of sales by 32%, to 20%, when compared to the same period in 1991, due to lower levels of write offs of excess ADAGEN™ inventory for the three months ended March 31, 1992. The FDA's current production requirements for ADAGEN™ will continue to result in excess inventory. The write offs for the quarter ended March 31, 1992 were lower than the previous year due to an increase in shipments resulting in less excess inventory. Write offs of a similar nature are anticipated in future quarters.

Research and development expenses increased by approximately $910,000 or 38% for the three months ended March 31, 1992 as compared to the same period last year as a result of increased research and development personnel and related research expenditures and depreciation for research equipment purchased during the last twelve months. The increase was also due to $538,000 of continued research and development at the former Genex facility. Research and development expenditures were approximately $2,409,000 and $3,318,000 for the three months ended March 31, 1991 and 1992, respectively.

Selling, general and administrative expenses increased by approximately $1,984,000 or 114% for the three months ended March 31, 1992 as compared to the same period last year as a result of increased administrative personnel, increased legal expenses related to patent and licensing activity, increased advertising and marketing expenditures related to pre-launch activities for PEG-L-asparaginase and Genex administrative expenses.

Liquidity and Capital Resources

The Company had $15,643,000 in cash and cash equivalents and $16,016,000 in short-term investments, as of March 31, 1992. The Company invests its excess cash in a diversified portfolio of marketable securities in institutions with strong credit ratings and U.S. Government backed securities. Cash used in operations was approximately $13,058,000 for the nine months ended March 31, 1992 primarily due to funding of the loss from operations.

Cash, cash equivalents, short-term investments and marketable securities of $31,659,000 as of March 31, 1992 decreased by $15,248,000 since the fiscal year ended, June 30, 1991. The most significant changes for the nine months ended March 31, 1992 resulted from cash used to fund the loss from operations, payments of expenses related to the Company's acquisition of Genex, payment of a promissory note issued by Genex to certain of it's former shareholders and capital expenditures of approximately $2,763,000.

The Company completed its acquisition of all of the outstanding capital stock of Genex through the merger of its wholly-owned subsidiary Enzon Acquisition Corp. with and into Genex on October 31, 1991, with Genex as the surviving corporation. In connection with this merger, the Company agreed to issue approximately 701,299 shares of its common stock and 582,822 three year warrants to purchase its common stock at an exercise price of $18 per share to former stockholders of Genex. As of March 31, 1992, the Company had issued 692,480 shares of Common Stock and 575,420 Warrants to former Genex shareholders. The remaining shares and warrants have been classified as "Common stock and warrants to be issued - Genex Acquisition" in the Consolidated Condensed Balance Sheet.

The Company's June 1989 Agreement with Sterling Winthrop Inc. ("Sterling") requires a credit to Sterling for monies not expended for the development of PEG-SOD, PEG-catalase and PEG-uricase under the Company's March 1987 stock purchase agreement with Sterling's parent, Eastman Kodak Company. The shortfall, shown as a current liability in the consolidated condensed balance sheet as of March 31, 1992, was approximately $1,300,000. The shortfall may be applied by Sterling as a credit against amounts owed by Sterling for clinical supplies.

At March 31, 1992, the Company had 131,000 shares of Series A Cumulative Convertible Preferred Stock outstanding, which have dividends in arrears of $529,094. The Company does not presently intend to pay cash dividends on the Series A Cumulative Convertible Preferred Stock.

To date, the Company's sources of cash have been the proceeds from the sale of its stock through public and private placements, sales of ADAGEN™, sales of its products for research purposes, development fees and technology transfer and license fees. The Company's current sources of liquidity are its cash, cash equivalents, investments, interest earned on such cash reserves, sales of ADAGEN™, anticipated sales of its products for research purposes and anticipated license and research fees. Management believes that its current sources of liquidity will be sufficient to meet anticipated cash requirements through the end of fiscal 1993.

Upon exhaustion of the Company's current cash reserves, continued operations will depend on its ability to realize significant revenues from the commercial sale of its products, raise additional funds through equity or debt financing, or obtain significant licensing, technology transfer or contract research and development fees. There can be no assurance that these sales or financing activities will be successful.

The effect of inflation on the Company's past operations has not, in management's opinion, been significant.

PART II OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

a) An Annual Meeting of Stockholders was held on January 22, 1992.

b) Martin Stein and A. M. "Don" MacKinnon were elected as Class II Directors to serve until the Annual Meeting of Stockholders for the fiscal year ending June 30, 1994. The terms of office for the following Directors continued after the meeting: Abraham Abuchowski, Michael Burns, Richard A. Cooper, Frank Davis and Norman Gross.

c) The matters voted upon and the results of the voting were as follows:

1. The stockholders voted 13,277,410 shares in favor and 313,306 shares against the election of Martin Stein as Class II Director; and 13,279,490 shares in favor and 311,226 shares against the election of A.M. "Don" MacKinnon as Class II Director.

2. The stockholders voted 7,562,485 shares in favor and 1,409,293 shares against ratifying the Company's Non-Qualified Stock Option Plan for employees, officers, directors and independent consultants.

3. The stockholders voted 13,559,913 shares in favor and 10,099 shares against ratifying the selection of KPMG Peat Marwick, independent public accountants, to audit the Company's financial statements for the fiscal year ending June 30, 1992.

Item 6. Exhibits and Reports on Form 8-K

a) Exhibits - None

b) Reports on 8-K

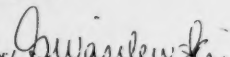
The Company filed with the Commission on February 14, 1992 a current report on Form 8-K relating to the Company's announcement that it has entered into a research alliance with Celtrix Laboratories, Inc., the Company's announcement that it has entered into a research alliance with Genelabs Technologies, Inc., the Company's announcement that it has entered into an agreement with Allelix Biopharmaceuticals, Inc., the Company's announcement related to production of its red blood substitute, PEG-hemoglobin and the Company's announcement that it has signed a letter of intent with Neoprobe Corporation for an exclusive licensing arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ENZON, INC.
(Registrant)

Date: May 14, 1992

By: 
Gail Wasilewski
Vice President-Finance and Chief
Financial Officer
(Principal Financial Officer
and Accounting Officer)